

Accountability Mechanism in Village Owned Financial Institutions: A Case Study on Communal-Based Financial Institutions in West Sumatra

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ABSTRACT

This study aims to determine how the accountability mechanism practised by Village Owned Financial Institutions (called LPN) of Limau Manis Padang is viewed from the perspective of a disclosure statement and report, performance assessment and evaluation, participation, self-regulation, and social auditing. LPN is a communal-based microfinance institution that once experienced its glory in West Sumatra during the 1970s and 1990s. This research uses an interpretive qualitative paradigm. The data used in this study are primary. Data was collected by in-depth interviews (in-depth interviews), observations, and document reviews. Informants are selected using snowball sampling patterns. This research found that LPN Accountability has not been implemented perfectly, especially in reporting and disclosure accountability. The public cannot easily access information on the LPN report. In addition, LPN has not practised aspects of social audits that provide opportunities for the public to conduct voluntary audits and assessments of LPN's internal processes.

Keywords:

Accountability, Microfinance Institutions, Village Owned Financial Institutions, Communal-based institutions

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1. Introduction

Discourse on accountability is widespread in both profit and nonprofit organizations in Indonesia. The modern management era as it is today requires profit and nonprofit organizations to apply the concept of accountability, which is one of the principles of Good Governance, seriously and consistently. However, nonprofit organizations are the ones that have great difficulty in showing their good governance performance (Moreno-Albarracín et al., 2020; Tooley & Hooks, 2020). The relationship between accountability and governance is critical at multiple local and global levels (Abhayawansa et al., 2021).

In general, accountability can be interpreted as a form of accountability that every profit and nonprofit organization must carry out to all stakeholders related to the organization (Fauzi et al., 2019). Furthermore, accountability involves aspects of accountability, presentation, reporting of results, and disclosure of activities to the party that gives the mandate. Accountability reflects how an organization explains their actions to the organization's stakeholders. From a theoretical point of view, accountability discourse studies how a person's expectations of accountability can drive action (Johnstone et al., 2023; Wiley et al., 2022). The literature on accountability shows that

accountability does not only arrive at the formal order but also touches the moral order (Danson et al., 2021).

In the context of nonprofit organizations, accountability has five mechanisms: disclosure statement and report, performance assessment and evaluation, participation, self-regulation, and social auditing. Accountability requires the importance of cross-disciplinary learning and knowledge accumulation (Kaba, 2021). NGOs are formed from various external interests and individuals within them (Goncharenko, 2023; Kuruppu & Lodhia, 2020). The application of accountability to individuals, groups, and institutions aims to ensure integrity, transparency, and trust in their actions, especially in government and public services. Efficiency and effectiveness in managing activities are critical to achieving optimal business performance (Puni & Anlesinya, 2020).

Accountability is central to the company's management and involves managing resources wisely and efficiently. This applies not only to profit-oriented companies but also to nonprofit institutions (see Moreno-Albarracín et al., 2021). One of the community-based nonprofit financial institutions is the Village Owned Financial Institution (or "Lumbung Pitih Nagari" in Bahasa, LPN) in West Sumatra. LPN is a traditional financial institution owned by a community or community in a village in Sumatra, which was established to manage financial resources at the village level to improve community welfare. LPN has a social responsibility towards its community. Although the term social responsibility is not used explicitly, LPN's approach to social fund management reflects the concept of CSR with the aim of positively impacting society (Indriyani & Putra, 2022).

This study fills a gap in the literature on accountability mechanisms in community-based financial institutions such as LPNs by considering five important aspects of accountability: reporting and disclosure of reports, performance evaluation and measurement, participation, own policies, and social audits (Ebrahim, 2003). This study aims to contribute to and reference an understanding of good accountability practices in LPN, improve LPN governance, and implement five aspects of accountability mechanisms to build an accountable organization that stakeholders trust. Research on the accountability of LPN fund management is still relatively new. However, LPN has similar activities to banks in general. Still, the main purpose of LPN is very different from commercial banks, which is to contribute as much as possible to the progress of the community where the LPN is located. Therefore, researchers are interested in exploring accountability mechanisms and good corporate governance, which are important to reduce stakeholder conflicts and meet LPN obligations.

Stakeholder Theory

Accountability is in a complex environment [15]–[17], and is relational between managers and stakeholders. Stakeholder theory is a concept that emphasizes that a company or organization not only aims to meet the interests of shareholders but must also consider and meet the interests of various stakeholders, which include owners, employees, consumers, suppliers, society, government, non-governmental organizations, media, and public opinion. The focus of stakeholder theory is to manage and fulfil the interests of all parties in a balanced manner (Conaty & Robbins, 2021), including financial gain, good relationships with employees, quality of products or services, and social and environmental impacts (Dewi et al., 2021). The strategy to facilitate management in accommodating stakeholders' multiple interests is setting timeframes and accountability targets (Kingston et al., 2020).

In this study, stakeholder theory is applied to LPN, a financial entity at the village level. In the context of LPN, stakeholders include village heads, village communities themselves, administrators and members of LPN, local governments, and other parties involved in economic or social activities in the area. LPNs are responsible for achieving financial benefits and providing social and economic benefits to communities, supporting local development, and contributing to sustainable economic growth.

Good Governance

With the growing need for legitimacy (An, 2022), accountability is increasingly responsible for providing clarification or explanation of activities carried out by individuals against other parties in response to requests or obligations (Blevins et al., 2022; Huang, 2023; Vakkuri et al., 2021). Therefore, the essence of accountability involves the transparency of information exchange between two entities, where one party is responsible for providing reasons or explanations to the other party as a form of accountability carried out (Vakkuri et al., 2021). To encourage the implementation of

good institutional governance, the National Committee on Governance Policy (KNKG) in 2006 set the foundation for Good Corporate Governance (GCG), including transparency, accountability, responsibility, independence, and fairness. Considering the explanation above, the governance of customary financial institutions still demands applicable rules, ranging from planning to accountability in the form of work reports and physical reports on activities. Governance is part of an accountability mechanism with relative performance appraisal results (Han, 2020).

Accountability Mechanism

Accountability is a principle that emphasizes that decision-makers must act according to their mandate. This means that an accountable entity or organization can provide open information about decisions made during its operations, allow outside parties to review that information, and be willing to take corrective action if necessary. In the context of accounting, accountability involves the obligation of the party given responsibility to provide records or reports to the party, offering responsibility so that information asymmetry can be minimized. Accountability also includes accountability and disclosure related to actions taken. In profit organizations, accountability is often focused on profit maximization with key stakeholders who want risk reduction.

On the other hand, nonprofit organizations, such as NGOs or foundations, have stakeholders with more diverse interests, such as funders who have significant influence (Ebrahim, 2003). In the context of LPN, an indigenous financial entity, accountability is more related to social responsibility towards village communities and other parties. Accountability mechanisms in LPN include statement and disclosure of reports, performance appraisal and evaluation, participation, own policies or regulations, and social audits (Ebrahim, 2003). The development of this accountability mechanism involves stages that include goal identification, planning, implementation, reporting, evaluation, and corrective action. Accountability is essential in ensuring the organization fulfils its responsibilities to stakeholders and society.

Microfinance Institutions

Law of the Republic of Indonesia Nomor 1 Tahun 2013 defines Microfinance Institutions as financial institutions explicitly established to provide services in business development and community empowerment. Microfinance programs use market principles to develop and empower community economies (Tanima et al., 2023). In general, microfinance focuses on providing solutions to marginalized groups in an environment that is qualified with power (Nair & Njolomole, 2020; Tanima et al., 2024). This service includes providing loans or financing for micro-scale businesses, managing deposits, and providing business development consulting services that are not only focused on seeking profit. Microfinance institutions support the community's economy and help the government achieve its public welfare goals. In Indonesia, the types and forms of Microfinance Institutions are very diverse, including formal institutions under Bank Indonesia regulation, formal institutions outside government regulation, and semi-formal institutions with government licenses. Some examples of microfinance institutions include Village Credit Banks, MFI-Agribusiness, Village Credit Institutions, Rural Credit Fund Institutions, District Credit Agencies, Family Business Partners, Lumbung Pitih Nagari, and many others. In addition to being based on indigenous communities, microfinance institutions are also run based on gender (for example, Mukendi & Manda, 2022). Microfinance institutions have an important role in providing access to micro-scale funding to communities in various regions of Indonesia.

Village Owned Financial Enterprise (Lumbung Pitih Nagari or LPN)

In the rapid development of the times and technology, microfinance institutions in West Sumatra, such as LPN, have undergone significant changes. In the past, many LPNs were scattered in the country in 1987, but over time, they began to disappear along with the growth of formal financial institutions such as rural banks (BPR) and cooperatives. However, Lumbung Pitih Nagari Limau Manis in Padang City still exists today and helps improve the community's economy with the principles of Minangkabau customary law (Fauzi et al., 2022). Starting from the tradition of *gotong royong*, LPN has developed into a Nagari-level (Nagari is similar to village) economic institution, providing savings and loan services and playing a role in the social and cultural aspects of the community. Despite the decreasing number of LPNs under customary auspices, LPN Limau Manis remains a concern as one of the oldest and leading LPNs in West Sumatra.

2. Methods

This research uses a qualitative approach with an interpretive paradigm to explore accountability practices at LPN, Limau Manis in Padang City. The interpretive paradigm views social reality as dynamic, full of subjective meaning, and formed through social interaction. This research used the case study method to deeply understand accountability practices at LPN Limau Manis using five accountability tools used by previous research at nonprofit institutions. Data was collected through in-depth interviews, observation, and documentation. Data analysis used the Miles and Huberman model consisting of data reduction, data presentation, and conclusions. To ensure the credibility of the data, researchers use triangulation.

3. Results

LPN has a long history, established in the 1930s and has experienced several ups and downs. Initially, LPN functioned as a rice granary to store the harvest of the Nagari community. However, along with development, LPN became a microfinance institution that provides savings and loan services with smaller terms and amounts than banks. The history of LPN also has an element of political background in its establishment, with the main aim of improving the rural economy and avoiding the practice of loan sharking. In 1977, this LPN was assisted by UNICEF with capital for each country. After experiencing suspended animation, LPN returned to life in 1988 and operated smoothly.

LPN Limau Manis has a vision and mission: to improve the welfare of the people of Limau Manis Village. The primary purpose of LPN is to provide savings and loan services and help the Nagari community's economy. The main consumer of LPN is the Limau Manis community, but LPN has grown to cover the entire city of Padang. The impact provided by LPN is assistance in the form of capital for small businesses, social assistance, dragon development, and economic improvement of local communities. LPN also assists Padang City during the earthquake disaster in Pasaman. LPN Limau Manis continues to operate, focusing on economic empowerment and community welfare.

4.1 Reporting and disclosure statements

Referring to Regional Regulation No. 1 of 1981 of West Sumatra Province, LPN reporting and accountability are divided into horizontal and vertical. Horizontally, LPN must report and be responsible to LPN members and the Nagari community through LPN meetings attended by village heads. Vertically, LPN must provide accountability reports to the supervisory body in tiers, starting from the sub-district level to the governor and the West Sumatra Village Development Bank (BPD) as an administrative coach. However, the structure of the board of trustees from the sub-district to the provincial level seems to no longer exist. LPN in West Sumatra has experienced a drastic decrease in number, with only one unit left, LPN of Limau Manis. In the interview, the LPN Manager stated that:

... While LPN can still carry internal accountability, external accountability that should have been carried out to sub-districts, city governments, and governors has stopped. This is due to the government's reduced attention to LPN, which impacts the lack of guidance on institutions such as LPN. Compared to the fast-growing Village Credit Institutions in Bali, with 1433 LPDs, showing inequalities in coaching and support from the government...

LPN also prepares financial statements based on an accounting system standardized by Bank Indonesia and involves various types of funds, such as Simanis, Takestra, Taris, and Collective Saving. As for the form of reporting, LPN also submits program implementation reports to complement financial statements in addition to financial statements. However, this report is only used for internal purposes. At the same time, for external publications, all funds are combined in LPN's consolidated report, which includes the balance sheet, report on the source and use of funds, activity report, and notes to financial statements. The following is a statement from the LPN Manager that explains the form of reporting and system used by LPN:

... We have various reports, including daily transaction reports, transaction recapitulation, balance sheets, and income statements. All this accounting information can be accessed and checked by interested parties...

LPN uses a manual system to prepare annual financial statements but also utilizes a system from Bank Nagari based on Bank Indonesia standards to manage daily transactions and accounting. LPN's accountability is not reported to the Financial Services Authority (or OJK) because LPN of Limau Manis is not under the direct supervision of OJK but under local governments. Therefore, accountability reports are only submitted to local governments through the General Meeting of Shareholders, attended by the shareholder, Head of Nagari Customs (KAN), and relevant community leaders. In the law, LPN is recognized for its existence and is not subject to Law Number 1 of 2013 concerning Microfinance Institutions, so there is no need to report accountability to OJK, as stated by the following LPN Manager:

... regulation regarding LPN is regulated by PERDA (District Rules) only within the Nagari region of West Sumatra. PERDA NO 1-year 1982 has been in effect before the existence of OJK (Financial Services Authority) in 2011. Because LPN has existed for a long time and has different regulations, it is not included in OJK regulations and, therefore, is not subject to OJK inspection ...

4.2 Performance assessment and evaluation

In LPN, performance appraisals and evaluations have become part of the routine. Management periodically evaluates the achievements of the organization based on the annual plan. Evaluation of program implementation is carried out every six months, while a more thorough assessment is carried out at the end of the fiscal year. Before preparing the next year's program, LPN member joint management evaluates the entire organization to assess whether LPN's strategic plan has been achieved. Performance appraisal is viewed from two sides, namely the perspective of customers (society) and employees. To assess customer satisfaction, LPN uses questionnaires and through direct interviews with customers. Meanwhile, in employee performance appraisal, LPN conducts evaluations every three months through employee rotation. Employees must understand and be able to carry out various jobs, not limited to their field or educational background. This ensures that every employee can face tasks from various fields when needed. As the following LPN Manager expressed:

... Sometimes, we distribute questionnaires to the public, asking what they think about LPN services. Some people conduct similar research, create questionnaires, or conduct direct customer interviews. Although this process can sometimes be difficult, we try to understand whether customers are satisfied with LPN's services. However, it is important to remember that customer satisfaction does not always reach 100%, because everyone has different preferences. This is a natural thing in human interaction...

In addition to employee evaluations, LPN conducts internal and external audits through periodic internal audits. Internal audits include financial and program audits. Financial audits aim to ensure the use of financial resources per the organization's budget plan and strategy. Program audits are conducted to evaluate the effectiveness and efficiency of program implementation. Internal audit is an important internal control mechanism and supports management decision-making. With this approach, LPN continues to improve the quality of its internal management and strives to achieve organizational goals. As the following LPN Manager said:

... Every three months, we evaluate employees by rotating and shifting tasks. In this case, we have two offices, including a cash office in Gadut, where the rotation is carried out. Melalui rotasi ini, kami dapat mengukur kinerja karyawan secara lebih efektif. For example, when an employee, like A, has completed a task well, we will move them to a different task. This helps us identify weaknesses and areas for improvement of employee performance. The main goal is to ensure that each employee has a broad range of abilities, not limited to one area or specialization. The term we use is "combat ready," which means that every employee must be able to cope with various tasks. This includes the ability to run programs that require the use of passwords. System security is very important, and any suspicious actions can be detected through this system, including who is inputting data. Therefore, implementing this employee evaluation aims to measure the performance of employees and ensure that they have the necessary skills to manage LPN operations...

4.3 Participation

LPN places public trust as a key factor in its operations. Community participation as beneficiaries, is essential for the organization (Kingston et al., 2023). The organization regularly involves the community in deliberations on activities and programs to be implemented and in the Annual Budget Meeting held annually. As expressed by the following community leaders:

...we are always invited in various short, medium, and long-term programs. The annual Annual Members Meeting program is when we announce an annual report that includes the company's net income, profits, and assets. All family members and caretakers attended the event, and we reported significant asset growth from small to billions...

Although LPN has not conducted widespread publicity through the Internet or electronic media, management believes involving the community can effectively support LPN's programs. The community's interests are reflected in their participation in depositing funds and saving in LPN, which means that the community also contributes to the development of LPN. Customer satisfaction survey results become a tool to get feedback from beneficiaries, although there are doubts over survey results that tend to be similar. As expressed by the following LPN Manager:

...Community participation should be part of LPN's participation to the community. When the community participates, they entrust their funds to LPN and save in it. This shows the community's contribution in the development of LPN. Along with the development of LPN, the community will also feel the benefits...

In addition, LPN provides social contributions through Corporate Social Responsibility (CSR), which is issued at 15% of LPN's profits. This CSR is used to build Nagari and support various community activities, such as gathering orphans and the elderly, mass circumcision, road construction, sports activities, etc. All this assistance was well realized without any indication of misappropriation of funds. By involving the community as contributors and beneficiaries, LPN has succeeded in creating accountability in its programs and ensuring that community involvement in LPN activities can act as contributors or beneficiaries, as stated by the following LPN manager:

...LPN contributes to the community following Regional Regulation 82, which mandates that 15% of LPN's profits be allocated for nagari development. LPN's CSR supports various community activities, such as gathering orphans the elderly, conducting mass circumcision for underprivileged children, and supporting activities such as MTQ, schools, and youth activities. LPN also helps in sports activities and physical development such as road construction. This assistance is adjusted to the capabilities of LPN, including material assistance such as gravel and cement...

4.4 Self Regulation

As a non-governmental organization, LPN maintains its independence from the government even though it is regulated by government regulations, such as Regional Regulation Number 1 of 1982 and Law Number 1 of 2013. LPN has internal policies that regulate various aspects of its organization, such as management and lending.

LPN Limau Manis has its own management rules that cover working hours, employee tenure, and terms and conditions related to employee pensions. This shows that LPN has its policies that regulate the culture and work habits in the organization. In addition, LPN has special rules and administration in providing credit to customers. An evaluation process involves billing, credit surveys, and monitoring to ensure that the funds submitted are used according to the initial proposal.

LPN is more likely to apply a coaching approach than coercion in handling bad loans. They try to understand the reasons for late payments and tolerate customers. This reflects LPN's trust in customers and efforts to maintain a good relationship with them. The collection process is more lenient and does not always lead to a crackdown as might happen in a bank or other financial institution. With this approach, LPN creates an environment where customers feel respected and

get support in resolving their financial problems, which helps build a good long-term relationship between LPN and customers.

4.5 Social Audit

As a microfinance institution, LPN carries out a process similar to social auditing, although it has not adopted it as thoroughly as private companies or banks do. Social audit is a process that involves assessing, reporting, and improving an organization's social performance and ethical behaviour through dialogue with stakeholders. Although LPNs have not implemented a costly social audit mechanism, they still involve stakeholders in their performance evaluation and reporting process. Therefore, the LPN Manager revealed that the LPN's social audit is:

...We do not have a social audit. Still, we conduct work assessment and reporting by conducting evaluations through distributing questionnaires to customers, providing annual financial reports to stakeholders, and receiving various criticisms and suggestions to improve LPN, both in services and financial reporting...

This reflects LPN's efforts to maintain accountability and transparency in its operations, even though they may not have fully implemented more comprehensive social auditing practices such as those conducted by private companies or banks. LPN is a microfinance institution with limited resources, which may be why they have not been able to conduct a full social audit.

4. Discussion

4.1 Reporting and Disclosure Statements

Reporting and disclosure are important accountability tools in many countries and is often required by legal regulations, including registration regulations and annual reporting. While these reports are legally required, donors often expect periodic reports from the organizations they fund. LPN transparently presents its report at the annual budget meeting, involving all stakeholders. LPN management is the main party that utilizes this report for strategic decision-making, while shareholders use it to see LPN's development in terms of profit.

Although reporting and disclosure are important to maintain accountability, LPNs have not published basic information about their activities to the public. For this reason, LPNs need to improve the accessibility of financial statements to the general public through media such as websites or notice boards in front of LPN offices. In practice, LPN reports focus more on financial data but minimally on assessing the quality of their performance. Although limited to financial statements, LPN routinely discloses financial statements to stakeholders annually. However, this report can be improved by providing more detailed details about social activities carried out by LPN to be more transparent and avoid prejudice against the embezzlement of funds. In the context of LPN accountability, reports and disclosures are LPN's way of providing accountability to beneficiaries, shareholders, and the community. Although this report can play an important role in helping stakeholders understand the performance of LPN, LPN also consider that accountability to beneficiaries is more effectively done through the quality of services provided to them. Reporting and disclosure can also help maintain relationships between LPN and stakeholders and avoid conflicts of interest.

4.2 Performance Assessment and Evaluation

Performance assessment and evaluation include external and internal evaluations. Performance assessment and external evaluation conducted by LPN include filling out questionnaires by the community and customers to measure service performance and the impact felt by the community. This kind of evaluation aims to evaluate the extent to which the goals and objectives of the LPN program have been achieved. In addition, internal assessments are also conducted, where LPN staff measure their progress against program goals and internal objectives of their organization. This evaluation aims to assist LPN management in decision-making. However, it should be noted that LPN has not published the results of its performance evaluation, and LPN's performance measurement still does not have comprehensive indicators.

Stakeholder theory is closely related to performance measurement, especially in organizations and institutions such as LPN that involve relationships between stakeholders and principals. Performance measurement is used to ensure that LPNs act following the goals and interests of the organization or owner they represent. However, LPNs face challenges in measuring their performance due to the lack of comprehensive indicators. The link between performance measurement and accountability theory lies in how performance measurement is used to ensure accountability, transparency, and reporting on achieving goals and outcomes, which are important aspects of accountability theory. Continuous evaluation and monitoring are integral in ensuring that LPNs meet their obligations and their objectives.

4.3 Participation

There are four levels of participation to consider. The first level is a program planned based on input from the general public through public hearings, surveys, and dialogue with the public. However, LPNs have not fully used publicly available information media and are more likely to communicate with a few interested parties or community leaders. At the second level, participation involves community involvement in a program or project, including contributions of funds and labor. LPN has implemented this in the Bukik Talau tourist attraction development project, which involves the surrounding community as workers and provides support in the local community's welfare.

Third-level participation allows citizens to bid on decisions made by the organization, while fourth-level characterizes the initiative of self-sufficient communities in implementing projects without organizational interference. However, LPN has not implemented these levels three and four because the internal governing body still takes decisions. Although various parties support the first and second levels of participation, decision-making power is often predetermined by LPNs and customers before participation begins, making participation more symbolic. More meaningful levels of involvement and greater influence on decision-making usually occur at levels three and four, where communities are more active in the decision-making process. This can increase accountability from the bottom up and require the community to be more involved in evaluating LPN performance. LPN's services also reflect Internal and external accountability to all elements that require assistance, including customers. Research shows that LPN services to customers are carried out in a friendly and patient manner, while surveys to customer locations are also carried out to verify the use of funds. This accountability is an integral part of stakeholder theory, where participation contributes to better accountability in the relationship between stakeholders and LPNs. Accountability through participation also reflects the importance of transparency in organizational actions and decisions, which is a major element in accountability theory.

4.4 Self Regulation

LPN is a conventional entity subject to regulations from the local government of West Sumatra province. They must comply with these regulations and be accountable to regulators, including governments and local governments. LPN also implements self-regulation and develops its standards of conduct and performance, which include licensing procedures, customer service, credit rules, and preparation of financial statements based on Bank Indonesia standards. This shows their commitment to self-regulation and increased accountability, especially toward donors. The relationship between accountability theory and self-regulation is that organizations create their own standards and practices to be transparently and effectively accountable for their actions. It reflects the internal aspects of accountability, where organizations take responsibility for their actions and ensure conformity with established values, ethics, and objectives.

Self-regulation is a way to fulfill this accountability obligation proactively. The importance of self-regulation lies in the main principles of development, which guide LPN management and emphasize that the organization must have clear objectives, a transparent internal management system, and be free from conflicts of interest, discrimination, corruption, and other unethical practices. Self-regulation creates opportunities to increase LPN accountability to funders, communities, and themselves. However, coordination and harmonization between various accountability mechanisms, including self-regulation, at the international level are challenges that must be addressed. It is important to understand that self-regulation, like codes of conduct, is part

of efforts to increase accountability and humanitarian response, not as a means of control. The successful adoption and implementation of the code of conduct will depend on the process of creating and enforcing its mechanisms. Self-regulation is part of a complex accountability process linked to sectoral identity, legitimacy, and normative views on organizational behaviour.

5.5 Social Audit

Social auditing is an additional accountability mechanism by which organizations evaluate, report, and improve their social performance and ethical behaviour through stakeholder dialogue. Social audit is important in a more balanced and non-discriminatory economic transformation (Chawla, 2021). Social auditing integrates various other elements of accountability mechanisms, such as disclosure, evaluation, participation, and behavioural standards. Although it has not been widely adopted by nonprofit organizations (LPN) and other sectors, social auditing plays an important role in maintaining LPN's vision, mission, and values. It has five key elements: stakeholder identification, stakeholder dialogue, use of indicators or benchmarks, continuous improvement, and public disclosure. Social auditing provides internal managerial benefits in performance monitoring and enables stakeholder consideration in designing organizational values, objectives, and performance indicators. Social auditing also plays a role in strategic planning and learning organizations. External verification of social audits can enhance the reputation of LPNs. While it has many benefits, several inhibiting factors exist, such as high costs, negative impact on donor support, uncertainty of impact, and lack of convergence in social auditing standards. Social auditing is a valuable mechanism to increase organizational accountability if it addresses financial challenges, uncertainty of impact, and lack of convergence in standards.

5. Conclusion

The discussion that has been done above there are several conclusions that can be drawn, including. LPN's accountability in fund management is demonstrated through various mechanisms to fulfill responsibilities to stakeholders. LPN uses disclosure statements, both financial and non-financial, to demonstrate upward accountability to donors and regulators. In addition, LPN proactively seeks customer input and advice on improving fund resource management. Financial and non-financial disclosures are also used to show accountability to shareholders, Lurah, Sub-district, and other community leaders. Downward accountability to beneficiaries is realized through the best service provided to them. The dimension of human-to-human accountability in LPN is divided into accountability to employees, customers, regulators, and the community. LPN applies the value of "teamwork" and internal accountability with employees who support each other at work. LPN also respects employee rights such as association, health, and safety. Respect for human rights is a principle that LPN upholds for every employee. LPN's accountability to customers and the community is reflected in the friendly and patient service LPN employees provide to customers. LPN also practices transparency in financial reporting, shared in the Annual Budget Meeting with stakeholders and community leaders. LPN opens wide doors to students who want to conduct research or practical work lectures. LPN's corporate social responsibility (CSR) programs to the community involve various initiatives such as community economic development, infrastructure, education, and other social programs. In addition to fulfilling responsibilities to the top and bottom, LPN also carry out self-accountability wisely. Accountability to oneself includes a commitment to the organization's vision, mission, goals, values, and staff. This is reflected through various mechanisms such as disclosure, performance measurement, internal policy formulation, and active participation. LPN has created a holistic model of accountability that encourages practices that align with their goals and values.

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